

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W
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R 061655Z MAR 75
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 7779
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L ATHENS 1849

EXDIS

E.O. 11652: GDS
TAGS: EFIN, GR
SUBJ: COMMENTARY ON ANSWERS SUPPLIED BY COORDINATION
MINISTER ON ECONOMY OF GREECE

REF: (A) STATE 18393; (B) ATHENS 836; (C) ATHENS 0076;
(D) ATHENS 1808; (E) ATHENS 1809.

BRUSSELS FOR AMBASSADOR KUBISCH

1. AMBASSADOR KUBISCH MET WITH COORDINATION MINISTER
PAPALIGOURAS MARCH 5 OVER LUNCH AT RESIDENCE, AT WHICH
TIME PAPALIGOURAS PRESENTED WRITTEN REPLY TO DEPARTMENT'S
QUESTIONS (REF A). PAPALIGOURAS' WRITTEN RESPONSES FORWARDED
TO DEPARTMENT IN ATHENS 1808. AN ADDITIONAL MEMORANDUM
CLARIFYING OR CORRECTING DATA IN THE ANSWERS WAS FORWARDED
IN ATHENS 1809. IN ADDITION, STATISTICAL TABLES SUPPLEMENTING
THE ANSWERS WERE FORWARDED MARCH 6 BY POUCH UNDER REGISTRY NO. 236338
6,
THERE FOLLOWS SOME GENERAL COMMENTARY ON THE DISCUSSION WHICH
TOOK PLACE AS PAPALIGOURAS PRESENTED HIS RESPONSES.

2. PAPALIGOURAS REMARKED THAT INFO PROVIDED WAS AS COMPLETE
AS GOG COULD COMPILE. HE STATED THAT ALL REQUESTED DATA
OF STRICTLY ECONOMIC NATURE PROVIDED, EXCEPT PROJECTIONS FOR
1976 AND 1977. FUTURE DEVELOPMENTS DEPEND ON WIDE VARIETY
OF IMPONDERABLES, MOST SERIOUS BEING GREEK-TURKISH RELATIONS.
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GOG STILL IN PROCESS OF FORMULATING MEDIUM-RUN PREDICTIONS,

AND COULD NOT NOW SUPPLY WITH ANY CONFIDENCE THE FORECASTS WE REQUESTED. HE STATED WITH HINT OF PRIDE THAT IMF TEAM WHICH RECENTLY HERE TO SURVEY GREEK ECON SITUATION HAD REVIEWED FIGURES IN QUESTIONNAIRE RESPONSE AND WERE FAVORABLY IMPRESSED WITH THEIR QUALITY. WITH RESPECT DATA ON MILITARY EXPENDITURES, PAPALIGOURAS WILL PROVIDE WHEN AVAILABLE. HE REITERATED HIS DESIRE TO HAVE MISSION ASSISTANCE IN DEFINING MILITARY DEBT OBLIGATION TO U.S., AND STATED THAT HE WOULD CONTACT EMBASSY IN NEAR FUTURE REGARDING MEETING OF JUSMAGG AND GOG OFFICIALS (REF B).

3. WITH RESPECT TO CLARIFYING MEMO WHICH PAPALIGOURAS PRESENTED (ATHENS 1809), HE EXPLAINED THAT A) IT UPDATED PROJECTION OF BALANCE OF PAYMENTS DEFICIT FOR 1975; B) IT CONTAINED SENSITIVE MILITARY INFORMATION TO WHICH CIVILIAN COMPILERS OF QUESTIONNAIRE RESPONSE DID NOT HAVE ACCESS.

4. PAPALIGOURAS DWELT AT LENGTH ON CORRECTION OF BALANCE OF PAYMENTS DEFICIT FROM \$1,000 MILLION (FIGURE USED IN AVEROFF-PAPALIGOURAS-VARVITSIOTIS MEMO OF JAN. 4 - REF. C) TO \$800 MILLION. HE ATTRIBUTED MORE POSITIVE PROGNOSIS TO UPWARD REVISION OF EXPECTATIONS FOR PRIVATE CAPITAL INFLOW. EXPORT PROSPECTS LOOKED SOMEWHAT BRIGHTER THAN GOG HAD ORIGINALLY FORECAST, BUT THIS WOULD BE BALANCED BY "MILITARY IMPORTS OF MR. AVEROFF," AND FORECAST FOR CURRENT ACCOUNT DEFICIT REMAINS AT FIGURE USED IN EARLIER MEMO, \$1.4 BILLION.

5. PAPALIGOURAS INDICATED THAT HIS OVERRIDING CONCERN AT PRESENT IS TO FIND COVERAGE FOR THIS \$800 MILLION BALANCE OF PAYMENT DEFICIT. HE CONTINUED TO EMPHASIZE, AS HE HAD IN REF. B, THAT KEY AREA FOR U.S. ASSISTANCE IS RESCHEDULING OF MILITARY DEBT, ALTHOUGH HE ALSO REFERRED TO CCC AND EXIM. RETURNING TO BALANCE OF PAYMENT THEME, PAPALIGOURAS EXPRESSED VIEW THAT PROBLEM BASICALLY SHORT TERM. NOTWITHSTANDING BURDEN WHICH HEAVY MILITARY PURCHASES WILL IMPOSE FOR NEXT DECADE, ASSUMING SOLUTION OF GREEK-TURKISH PROBLEMS, HE FORESAW POSSIBILITY THAT REVIVAL OF RAPID ECONOMIC GROWTH, TOGETHER WITH LOCAL "SECURITY," COULD ELIMINATE NEED FOR GOG BALANCE OF PAYMENTS BORROWING WITHIN TWO YEARS.

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6. PAPALIGOURAS QUERIED AMBASSADOR ON TIME FRAME FOR RESPONSE FROM WASHINGTON. AMBASSADOR INDICATED HIS HOPE FOR REACTION IN ABOUT TWO WEEKS.

7. FOREGOING HAS NOT RPT NOT BEEN REVIEWED BY AMBASSADOR. REPORTS ON OTHER TOPICS COVERED DURING MEETING AND OBSERVATIONS ON DATA SUPPLIED BY PAPALIGOURAS FOLLOW BY SEPTELS.

STEARNS

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, MILITARY EXPENDITURES, FINANCIAL STABILITY, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS01849
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750080-0096
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750378/aaaacrzn.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 18393, 75 ATHENS 836, 75 ATHENS 0076
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <16 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMENTARY ON ANSWERS SUPPLIED BY COORDINATION MINISTER ON ECONOMY OF GREECE
TAGS: EFIN, ECON, EAID, GR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006